



Department  
for Transport

# **Guide to the Mode Shift Revenue Support (MSRS) Scheme**

January 2026

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London  
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# 1. Introduction

## About this guide

- 1.1 This guide outlines the criteria and processes in place for applying for support from the Mode Shift Revenue Support (MSRS) scheme. Although information is correct at the time of publication, it is advisable that potential applicants contact the appropriate Administrative Body for the most up to date information before submitting a formal application for grant.
- 1.2 It should be noted that there is no automatic entitlement to grant support and any offer of grant which may be made remains entirely at the discretion of the appropriate Administrative Body. All applications need to achieve a minimum Benefit to Cost Ratio (BCR) of 2:1.

## What is MSRS?

- 1.3 MSRS assists companies with the operating costs associated with running rail or inland water freight transport instead of road, where rail or inland waterway transport is more expensive. The grant should be reflected in the price demanded from the final customer.
- 1.4 The scheme is designed to facilitate and support modal shift, generating environmental and wider social benefits from reduced lorry journeys on Britain's roads. The scheme operates in two parts:
  - MSRS (Intermodal) for the purchase of intermodal container movements by rail; and
  - MSRS (Bulk and Waterways) for the purchase of other freight traffic movements by rail and all movements by inland waterway.
- 1.5 Further details on MSRS (Intermodal) can be found in section 2, MSRS (Bulk and Waterways) in section 3, and how to apply for both schemes in section 4.

## Who administers the scheme?

- 1.6 MSRS is administered by:
  - **Department for Transport:** for flows entirely within England and for cross border flows where the majority of environmental benefits fall in England.

- **Scottish Government:** for flows entirely within Scotland and for cross border flows where the majority of environmental benefits fall in Scotland.
- **Welsh Government:** for rail flows entirely within Wales and for cross border flows where the majority of environmental benefits fall in Wales.

1.7 Contact details for all the above organisations can be found in section 6.

### **How long will MSRS operate for?**

1.8 MSRS operates until 31 March 2027. Any offer of grant made will therefore be limited by this date.

### **What happens after 31 March 2027?**

1.9 Prior to expiry of the scheme on 31 March 2027, it will be evaluated to ascertain whether a new scheme will be pursued.

### **What other grants are available?**

1.10 Waterborne Freight Grant (WFG) assists companies with the operating costs associated with short sea and coastal shipping, where this is more expensive than the road option.

1.11 The Scottish Government and Welsh Government may offer Freight Facilities Grants (FFGs), which help offset the capital cost of providing rail and water freight handling facilities, including for coastal and short sea shipping. The FFG scheme in England closed in 2011, and the GB-wide scheme expired in 2023. However, under the Subsidy Control Act 2022, Devolved Governments can enact localised FFG. Please contact the relevant Administrative Body for more information (see Section 6).

### **What if I am interested in applying for a FFG, as well as MSRS?**

1.12 For a service beginning or ending in either Scotland or Wales, an applicant can, in principle, seek grant support through the MSRS scheme, as well as a FFG. In assessing the MSRS application, the Administrative Body leading on the FFG application will assess the total grant requirement and total environmental benefit of the proposal. It is strongly advisable that those interested in applying for more than one grant first seek advice before submitting an application and, where possible, submit an application for grant for both schemes at the same time.

1.13 In the event that the environmental benefits have already been utilised as part of an application for FFG, grant support through MSRS will not be available. Double counting of environmental benefits is not permitted in any circumstance.

### **What if I am seeking or have sought other public funding?**

1.14 It is advisable that you seek advice from the Administrative Body on how this will affect the assessment of your application in advance of submitting it. Each assessment will be dealt with on a case-by-case basis depending on the specific details of the proposal.

## 2. MSRS (Intermodal)

### What is MSRS (Intermodal)?

- 2.1 MSRS (Intermodal) is designed to support the movement of intermodal containers by rail in Great Britain. The scheme provides continued support for the sustainable deep-sea, short-sea and domestic intermodal container business that moves by rail.

### What traffic is eligible?

- 2.2 MSRS (Intermodal) is available to all traffic carried in standard intermodal units (containers, swapbodies or piggyback trailers) on “railway infrastructure” as defined in the Railways Infrastructure (Access and Management) Regulations 2005, with the exception of Channel Tunnel traffic and those commodities highlighted in Table 2.1.

- 2.3 Examples of services eligible for MSRS (Intermodal) grant are:

- A service conveying deep-sea containers from a port to customers in an inland city.
- A service conveying supermarket products in containers between two distribution depots within Great Britain.

### What traffic is ineligible?

- 2.4 MSRS (Intermodal) is not available for the following traffic types:

- Movement by rail of non-intermodal traffic;
- Movement of bulk commodities in full or part trainload services where the party has chosen to use an intermodal unit<sup>1</sup>;
- Any movement of traffic by inland waterways; and movement of traffic through the Channel Tunnel.

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<sup>1</sup> The reason for this is the cost of conveying such traffic is usually different to the general costs used in the formation of the MSRS (Intermodal) rates.

- 2.5 The Administrative Body responsible for the scheme can advise on other types of grant support for traffic which is ineligible for MSRS (Intermodal). In most cases the alternative will be the MSRS (Bulk and Waterways) scheme.

<b>Table 2.1 Examples of commodities ineligible for MSRS (Intermodal)</b>	
<b>Commodity</b>	<b>Examples</b>
Automotive	Finished cars/vans, car parts/panels where flows typically move in clearly defined part or full trainload volumes
Chemicals	Where flows typically move in clearly defined part or full trainload volumes
Conventional wagonload traffic	All commodities
Construction materials	Cement, clay, stone, granite, sand, timber etc.
Metals	Coil, bar, aluminium, scrap etc.
Minerals	Coal, lime potash, gypsum, rock salt etc.
Paper and paper products	Where flows typically move in clearly defined part or full trainload volumes
Petrochemicals	Where flows typically move in clearly defined part or full trainload volumes
Waste	Industrial, domestic, nuclear, etc. where flows typically move in clearly defined part or full trainload volumes

- 2.6 It is recognised that there will be traffic that does not easily fit into the commodity descriptions highlighted in the table above. In these situations, the appropriate Administrative Body will review the economics of the rail operation and compare it to the economics of the road alternative to determine eligibility.
- 2.7 Ultimately, determination of whether the traffic is eligible for MSRS (Intermodal) is at the appropriate Administrative Body's discretion.

### **How does MSRS (Intermodal) work?**

- 2.8 The scheme divides Great Britain into 18 zones (see Annex A). Eligible flows attract a maximum grant rate relating to each container moved between two specific zones, whether empty or full. The MSRS (Intermodal) rates are the same for all intermodal units which are 20 feet or more in size.
- 2.9 Two sets of rates exist under MSRS (Intermodal). These are:
- **Port** – where units are loaded straight to rail, trunk hauled by rail, and then delivered by road to the final customer. These services share the common characteristic of one road leg.
  - **Domestic** – where units are delivered from a non-port location by road to a rail terminal, trunk hauled by rail, and then delivered by road to the final customer. These services share the common characteristic of two road legs.
- 2.10 The maximum port and domestic rates are presented in Annex B.

2.11 The Administrative Body responsible for the scheme can advise on other types of grant support for traffic which is ineligible for MSRS (Intermodal). In most cases the alternative will be the MSRS (Bulk and Waterways) scheme.

### How were these maximum rates calculated?

2.12 The maximum rates are based on the principle that a traffic flow is entitled to support if the environmental benefits justify it and the cost of using rail is greater than the cost of road, highlighting a 'financial need'.

### Environmental Benefits

2.13 Environmental benefits measure the effect of removing freight from Britain's roads. Specific values have been identified, known as Mode Shift Benefits (MSB), which quantify the value of taking a lorry off different categories of road. The environmental benefits have been adjusted to take into account the environmental costs of the road legs from rail terminals where these occur.

2.14 The environmental benefits between all zones for both Port and Domestic traffic are shown in Annex C. These environmental benefit tables are important for applicants as they are the basis on which value for money calculations are made.

### Financial need for grant

2.15 The financial need is the difference between the door-to-door cost of using road as opposed to rail or water. Where the latter are more expensive, it can be demonstrated that there is a financial need for grant support. MSRS (Intermodal) cannot exceed the financial need of any flow of traffic and grant payments cannot be made in excess of the available environmental benefits, the financial need or the minimum rate to satisfy the value for money criteria (explained below), if one is in operation.

### How much grant will I get?

2.16 The rates set out in Annex B are the maximum grant rates that can be received between the origin and destination zones of the rail flow. An applicant can apply for a rate below the maximum at their sole discretion. Regardless of the number of operating locations within the same zones, applicants must submit only one flow application when the origin and destination zones are identical. Examples of services and potential rates are shown in Table 2.2.

Table 2.2 Example of services and potential support				
Service	Origin	Destination	Type of flow	Max. rate per container
A	Thamesport (zone 18)	Trafford Park (zone 11)	Port	£81.00
B	Port of Southampton (zone 17)	Durham (zone 6)	Port	£0.00
C	Daventry (zone 14)	Mossend (zone 8)	Domestic	£21.00



- 2.17 In applying for MSRS, applicants should be aware that applications will be prioritised on the basis of value for money. Those schemes which deliver the greatest value are most likely to succeed. It should also be noted that Administrative Bodies may impose minimum value for money thresholds that may vary over time. It is recommended that applicants seek advice about any such minimum value for money thresholds from the appropriate Administrative Body. Further details on prioritisation are provided in section 4.
- 2.18 Applicants should note that, in accordance with State aid requirements, the value of grant must not exceed 30% of the total rail costs or the total cost of inland waterway transport.
- 2.19 It should also be noted that any grant cannot exceed 50% of the environmental benefit. Any applications not meeting this requirement will be treated as non-compliant and rejected.

### **Who can apply?**

- 2.20 Any company can apply for support if it is acting as the operator or contractor of an eligible rail service. It is a requirement for MSRS (Intermodal) that the support is paid to whoever the contracting parties propose as taking the full financial risk of running the service. We expect that in many cases this would be the freight operating company, although it could be any party in the supply chain who is taking the full demand risk for the service. In such cases, the appropriate Administrative Body will require a letter from the freight operator confirming their agreement to the arrangement.

### **What needs to be provided?**

- 2.21 Application forms for grant through MSRS (Intermodal) are available on the websites listed in section 6. These will need to be completed, signed and submitted, noting that where bid rounds are in operation deadlines will need to be adhered to. The latest bid round dates (if not already published) can be obtained by contacting the relevant Administrative Body. Grant can only be provided if the Administrative Body is satisfied that it is in the public interest and that without grant support the freight in question would move by road.

### **Additional volume requirements**

- 2.22 If successful, an agreement will be established between the relevant Administrative Body and the applicant. This will set out the annual volume cap above which no grant can be paid. Requirements for additional volumes will normally be handled as a new application and as part of a bidding round process if one is in operation. Further details on applying for MSRS can be found in section 4.

### **Reallocation of volumes**

- 2.23 Reallocation of volumes between traffic flows within an agreement is permitted in Rail Period 13. Adjustments can be made here at year-end in retrospect where a limited proportion of a contracted annual volume of a flow can be transferred to another contracted flow.

2.24 The purpose of this process is to discourage over-estimation of volumes on all flows, and to simplify the processes around any final bid round in any given year. Applicants should note that the following restrictions will apply:

- Transfer of volume must provide the Administrative Body with the same or better value for money;
- Not more than 5%<sup>2</sup> of an annual volume can be added or taken away from any given flow; and
- The overall monetary value of the agreement cannot be exceeded.

2.25 For any reallocation to a cross border flow, funding for the additional volume transferred may be limited to the percentage of benefits for which the awarding Administrative Body offered grant for that flow.

### **Short term temporary arrangements**

2.26 There may be occasions where there is a need to make temporary arrangements that cannot be handled in the normal application process. This could include an instance where a railway line or a port was to close on a temporary basis due to an incident, or a key supplier was unable to provide a service meaning that the service was diverted. These will be considered on a case-by-case basis once the Administrative Body is made aware of an issue. You should notify the relevant Administrative Body of such issues as soon as possible.

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<sup>2</sup> This maximum percentage of volume that may be added or taken may, at the discretion of the administrative authority, be increased for any given year.

## 3. MSRS (Bulk and Waterways)

### What is MSRS (Bulk and Waterways)?

- 3.1 MSRS (Bulk and Waterways) is designed to support the movement of non-containerised freight by rail and all freight on inland waterways where, if grant were not provided, the freight in question would move by road.
- 3.2 Unlike MSRS (Intermodal) there are no standard rates applicable. Instead, grant is limited by the value of the identified environmental benefits and/or the financial need for grant as demonstrated through a financial appraisal. Each application for support from MSRS (Bulk and Waterways) is assessed on an individual basis.

### What traffic is eligible?

#### *Rail*

- 3.3 Traffic which moves on “railway infrastructure” as defined in the Railways Infrastructure (Access and Management) Regulations 2005 is eligible for consideration for MSRS (Bulk and Waterways), other than set out in 3.5 (below).

#### *Inland Waterways*

- 3.4 Traffic which moves on inland waterways infrastructure between two ports and wharves which remain wholly within the Smooth Water Line<sup>3</sup> or at least 50% within it (unless exceptional circumstances). The traffic should not travel further along the coast than one port beyond the Smooth Water Line. Further information is available by contacting the relevant Administrative Body.

### What traffic is ineligible?

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<sup>3</sup> The Smooth Water Line is established by the Maritime and Coastguard Agency and marks the boundary in tidal rivers and estuaries where significant wave height could not be expected to exceed 2 metres at any time - Category D of the Schedule of the Merchant Shipping (Smooth and Partially Smooth Waters) Regulations 1987 as amended by The Merchant Shipping (Categorisation of Waters) Regulations 1992. As this is subject to seasonal variation, the Smooth Water Line for these purposes is taken to be the outer limit of that Category. For estuaries where there are no category D waters, the Category C limit will apply.

### 3.5 MSRS (Bulk and Waterways) will not be paid if the:

- Traffic is eligible for MSRS (Intermodal) (applies only to rail traffic);
- Starting point or destination is beyond the first available domestic port beyond the Smooth Water Line for the route in question (applies only to waterway traffic);
- Best alternative mode of transport is other than by road (e.g. coastal shipping);
- Service can be commercially justified without MSRS (Bulk and Waterways) support or would proceed in any event without it;
- Use of rail or inland waterways is a planning or other legal requirement on the site from where the freight is to be carried<sup>4</sup>.

### How does MSRS (Bulk and Waterways) work?

- 3.6 The scheme works on the principle that a traffic flow is only entitled to grant support if the environmental benefits justify it and the cost of using rail or inland waterway is greater than the cost of road, highlighting a 'financial need'.

### Environmental Benefits

- 3.7 Environmental benefits measure the effect of removing freight from Britain's roads. Specific values have been identified, known as MSBs, which quantify the value of taking a lorry off different categories of road. In some cases, there may also be onward road journeys from the end rail/water destination. These journeys are classed as disbenefits and will need to be subtracted from the calculated benefits.

### How are environmental benefits calculated?

- 3.8 Applicants use routing software to identify the distances travelled by road. These distances are totalled for each of the four MSB road categories and multiplied by the relevant MSB value. Further details on road categories and their associated MSB values, along with a worked example, are provided in Annex D.
- 3.9 In occasional cases where the distance by rail or water is significantly different (by more than 25%) to the road distance, separate calculations will be needed to value each mode. An applicant's environmental benefit calculations will be verified by the Administrative Body during the assessment period.

### Financial need for grant

- 3.10 The financial need is the difference between the door-to-door cost of using road as opposed to rail or water. Where the latter are more expensive, it can be demonstrated that there is a financial need for grant support. MSRS (Bulk and Waterways) support cannot exceed the financial need of any flow of traffic.

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<sup>4</sup> If the freight will move by road to or from a different site rather than the one restricted to rail or waterway, MSRS (Bulk and Waterways) can be considered.

## **What is a financial appraisal?**

- 3.11 A financial appraisal is used to compare the total costs of the rail or water based solution with the total costs of a road based solution. It is an essential part of an MSRS (Bulk and Waterways) application. Evidence to support the costs outlined within it should be presented with the application.
- 3.12 In producing a financial appraisal, an applicant should demonstrate a 'need for grant'; in other words, the rail or water option should be demonstrably more expensive than the road option. Where this is the case, grant may be available to make the cost of moving the goods by rail or water equal to the road alternative. All calculations provided are checked and verified by the Administrative Body. An example and a further explanation of how the financial case is calculated can be found in Annex E.
- 3.13 Capital investment eligible under FFG rules can be included in the financial appraisal up to a value of 1% of the total door to door costs of the rail or water option, up to a maximum of £30,000. In instances where the capital investment required exceeds £30,000, an application for FFG (please see paragraph 1.11) should be made in parallel with the application for MSRS (Bulk and Waterways).

## **How much grant will I get?**

- 3.14 In applying for MSRS, applicants should be aware that applications will be prioritised on the basis of value for money. Those schemes which deliver the greatest value are most likely to succeed. It should also be noted that Administrative Bodies may impose minimum value for money thresholds that may vary over time. It is recommended that applicants seek advice about any such minimum value for money thresholds from the appropriate Administrative Body. Further details on prioritisation are provided in section 4.
- 3.15 Applicants should note that, in accordance with State aid requirements, the value of grant must not exceed 30% of the total rail costs or the total cost of inland waterway transport.
- 3.16 It should also be noted that any grant cannot exceed 50% of the environmental benefit. Any applications not meeting this requirement will be treated as non-compliant and rejected.

## **Who can apply?**

- 3.17 Any company may apply for MSRS (Bulk and Waterways), although grant is normally payable only to the goods service operator (GSO) of the service in question. It is strongly recommended that the application for support is made by the GSO. Where this does not happen, the GSO must be closely involved through the application process.
- 3.18 Due to the time and cost associated with assessing applications, some Administrative Bodies may stipulate a minimum application value for MSRS (Bulk and Waterways). If you are in any doubt or would like further information, please contact the relevant Administrative Body.

### **What needs to be provided?**

- 3.19 Application forms for grant support are available on the websites listed in section 6. These will need to be completed, signed and submitted, noting that where bid rounds are in operation deadlines will need to be adhered to. In addition to the application, a fully worked up financial appraisal should be provided, as well as details as to the environmental benefits that will be generated as a result of the scheme. Grant can only be provided if the Administrative Body is satisfied that it is in the public interest and that without grant support the freight in question would move by road. To demonstrate this, there needs to be a soundly based prediction included in the application of the type and quantity of goods that will be conveyed by rail or water.
- 3.20 Where the freight being moved is third party consignments, it may not be possible to secure a contract from that party and forecasts are likely to be less reliable. In such cases, a view on the robustness and accuracy of the forecast tonnage and the strength of any third party assurances will be taken. This may result in less volume than was applied for being contracted or the application for grant being rejected.

### **Can I apply for MSRS (Bulk and Waterways) if I am tendering for work?**

- 3.21 Applications are welcome from companies who are tendering for a contract and want to include a rail or water option that requires MSRS (Bulk and Waterways) support, however grant will not be offered until the contract has been won. As such an application is speculative, the Administrative Body may decide that it would be more appropriate to allocate funds to other applications that have a greater chance of delivering environmental benefits.

## 4. Applying for MSRS

### Step 1: Develop your proposal

- 4.1 As a first step those interested in MSRS should develop a proposal, identifying amongst other things the traffic to be moved, its origin and destination and a freight operator who will carry the goods.

### Step 2: Informal discussions with the Administrative Body

- 4.2 Once you have the basic proposal outlined, it is advisable that you contact the Administrative Body to discuss whether it is likely to be eligible for support. Through this initial discussion it may be necessary for a meeting to be held to discuss the proposal in more detail. This can potentially save any unnecessary work by you upfront. It will also enable you to find out about any bid round that may be in operation and any deadlines that will need to be adhered to.
- 4.3 If such a meeting is called, the Administrative Body will want to know the:
- Type of traffic, including volumes and envisaged duration of the flow(s);
  - Nature of the service (e.g. single or multi-user);
  - Origin and destination of the traffic including details of the terminals or ports to be used;
  - Details of any discussions with rail or water freight operating companies, ports and terminal operators; and
  - Details of how evidence to support a claim for grant will be provided, should the application be successful.

### Step 3: Making an application for grant

- 4.4 Application forms for applying for MSRS are available on the websites listed in section 6. Before submitting an application, it is advisable that you check:

- Whether a bid round process is in operation or whether applications are being handled on a first come, first served basis;
- Whether the Administrative Body has set a minimum value threshold for applications; and
- Whether it has set a minimum value for money threshold.

### **Prioritisation of applications**

- 4.5 In this competitive bidding process, proposals will be prioritised on the basis of value for money / BCR. Those projects which deliver the greatest value / BCR are most likely to succeed. Your chances can be improved by applying at a rate below the maximum grant available in order to increase the BCR rate. Other factors that may be considered include the financial viability and previous record of the applicant, and the deliverability of the traffic volumes contained in the application for grant. For further information on prioritisation please contact the relevant Administrative Body.

### **Allocation of funding**

- 4.6 A decision on an application for MSRS can be expected within 6 weeks of a fully supported application being submitted. In cases where a bid round is in operation, a decision can be expected within 6 weeks of the closure of the bid round. This timescale may vary in accordance with the detailed application procedures adopted by the respective Administrative Bodies.
- 4.7 There are likely to be circumstances where the Administrative Body will award part volumes for a restricted period to ensure that the volumes contained in the original application can be delivered. On other occasions the application for grant may be rejected.

### **What happens if an application is successful?**

- 4.8 If successful, the Administrative Body you applied to will draw up an agreement letter which you will need to sign and return. Until this happens, no grant will be paid.
- 4.9 The agreement will specify a rate payable for each unit (tonnes, container, vehicle etc.) moved. This rate will be the lowest of the following:
- Amount applied for by the applicant;
  - Assessed financial need;
  - Environmental benefits; and
  - Minimum value for money criteria of the Administrative Body.
- 4.10 The terms of the agreement will be standard, varying only by the duration, volume and type of traffic on which MSRS will be paid. No payments can be made for traffic in excess of the agreed levels. It is important to note that grant will also not be paid retrospectively, but will be applicable, subject to a signed agreement being in place,



from a payment period<sup>5</sup> as outlined by the Administrative Body on the relevant website listed in section 6. Further details as to how the grant is paid can be found in section 5.

### **Will the award of grant be made public?**

4.11 The Administrative Bodies are legally required<sup>6</sup> to publish, amongst other information, the grant recipient organisation name and the amount of grant awarded on the Subsidy Control Database.

### **What happens if an application is unsuccessful?**

4.12 If an application is unsuccessful, feedback can be provided on request as to the reasons why the application has not resulted in an offer of grant. It may be possible for an applicant to reapply in future, dependent on available budget, taking recognition of the feedback received.

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<sup>5</sup> Payment periods align with the official rail periods as outlined in Annex 6, other periods may be permitted for inland waterways traffic at the discretion of the Administrative Body.

<sup>6</sup> <https://www.legislation.gov.uk/uksi/2022/1153/regulation/3/made>

## 5. Payment and Monitoring

### Payment of Grant

- 5.1 MSRS is paid in arrears (i.e. once the traffic has moved). Claims for grant must be submitted on a standard form as supplied on the websites listed in section 6. This must be supported with evidence (derived from industry recording systems) of the traffic that has moved during the period. For inland waterways schemes please contact the relevant Administrative Body for details of the auditing arrangements required for submitting claims. All claims should be submitted within the time period as set out in the agreement letter. Failure to submit signed claims and any requested supporting evidence within this time limit may result in a claim being rejected by the Administrative Body.
- 5.2 Grant payable will be dependent on the number of units (containers, tonnes etc.) moved in a period. This will be multiplied by the rate applicable for the flow. Grant will not be paid beyond the maximum volume for each flow as set out in the agreement letter. It is permitted to make applications for additional volume for existing flows. These will be assessed alongside any applications for new traffic flows (and as part of a bid round process if one is operating).
- 5.3 Grant will normally be paid within 20 working days of a complete claim for payment and full supporting documentation being received.

### Monitoring

- 5.4 Traffic moved under the MSRS agreement will be closely monitored through the claims submitted. Where traffic levels are lower than the forecasts provided by the grantee at the time of the agreement (and approved by the Administrative Body), adjustments may be made in order to release the budget for reallocation. This will ensure the effective control of the budget and maximise the amount of benefit that can be purchased through the scheme. The decision on whether clawback is required will be made following the regular formal agreement reviews, as defined in the agreement letter.
- 5.5 Under the terms of the agreement that will be in place, the Administrative Body has powers to clawback volumes if, at the time of each formal review, traffic volumes fall 5% or more below the approved forecasts. In such a case a review will be

undertaken, and the Administrative Body may, at its discretion, reduce the awarded volumes for the flow concerned by up to 100% of the projected shortfall.

- 5.6 Any such reductions will be made for the grant year in question. Grantees will be given the opportunity to describe any external factors beyond their control that may have affected the volumes moved, and the Administrative Body will consider whether these should be taken into account.

### **Transfer of Business**

- 5.7 The market for the movement of freight is competitive and it is possible that the beneficiary of a grant agreement may lose some or all of the respective business to a competitor. For example, the volumes for a particular flow covered by an MSRS agreement held by a freight operating company might be based wholly or partially on an agreement with a particular customer. For whatever reason this customer might subsequently decide to move its business to a competitor.
- 5.8 The entitlement to MSRS does not automatically transfer in such cases, and the prospective beneficiary must apply for MSRS in the usual way if they wish to secure an offer of grant over the longer term. However, the appropriate Administrative Body will seek to facilitate smooth transfers where appropriate, and it will consider re-allocations within MSRS on a temporary basis outside of any formal bid round process. This will be undertaken on a case-by-case basis at the sole discretion of the Administrative Body.

## 6. Contacts

### England

Freight Grants Team

Department for Transport

Great Minster House

33 Horseferry Road

London SW1P 4DR

Tel: 0300 330 3000

Email: [freightgrants@dft.gov.uk](mailto:freightgrants@dft.gov.uk)

Website: <https://www.gov.uk/government/publications/department-for-transport-delivers-more-grant-funding-to-transport-freight-by-rail/mode-shift-revenue-support-and-waterborne-freight-grant-applications-and-background-information>

### Wales

Rail Projects team

Transport and Digital Connectivity

Economy, Energy and Transport Department

Cathays Park

Cardiff CF10 3NQ

Email: [customerhelp@gov.wales](mailto:customerhelp@gov.wales)

Tel: 0300 060 4400

Website: <https://beta.gov.wales/freight>

## **Scotland**

Low Carbon Economy Accelerator Team

Transport Scotland

Scottish Government

Aviation, Maritime, Freight and Canals Directorate

Victoria Quay

Edinburgh, EH6 6QQ

Email: [Edward.thomson@transport.scot.gov](mailto:Edward.thomson@transport.scot.gov)

Tel: (0131) 538 7828

Website: <https://www.transport.gov.scot/our-approach/industry-guidance/freight-transport/#42454>

## Annex A: MSRS (Intermodal) Zone Map

### Map of zones for MSRS (Intermodal)



## Annex B: MSRS (Intermodal) Grant Rates

Tables showing the maximum port grant rates and the maximum domestic grant rates (£)

Maximum port grant rates (£)																			
Origin Zone (Port)	Destination Zone (Inland Terminal)																		
	Zone	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
	1		70	66	112	26	0	0	0	0	0	17	56	72	57	90	20	95	20
	2	109		64	102	25	0	0	0	0	0	0	37	61	22	103	0	20	114
	3	96	66		104	88	131	158	85	0	0	139	109	141	106	125	64	54	71
	4	123	85	117		16	65	112	115	40	1	74	103	133	54	91	56	78	65
	5																		
	6	0	0	128	83	49		97	110	83	39	107	136	90	103	118	77	0	0
	7	0	0	49	107	164	165		91	128	95	123	123	66	63	96	0	0	0
	8	0	0	0	84	88	94	3		139	129	29	51	60	0	87	0	0	0
	9	0	0	0	36	83	121	141	141		135	36	59	0	0	0	0	0	0
	10	0	0	0	0	55	78	109	108	135		57	21	0	0	0	0	0	0
	11	18	0	99	82	41	96	17	27	73	44		34	141	111	91	98	7	23
	12	91	4	79	110	69	124	43	52	56	18	28		139	95	102	80	62	0
	13	42	23	90	123	139	69	87	74	0	0	129	139		80	3	70	72	33
	14																		
	15	30	63	58	98	93	97	90	98	0	0	79	102	3	30		57	60	50
	16	85	0	82	49	79	0	79	6	0	0	114	81	70	89	57		151	0
	17	40	0	26	70	14	0	0	0	0	0	20	60	68	42	56	151		107
	18	55	114	100	92	88	14	0	0	0	0	81	36	100	92	91	21	104	
Maximum domestic grant rates (£)																			
Origin Zone	Destination Zone																		
	Zone	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
	1		123	71	158	93	56	21	9	0	0	106	143	39	31	27	86	41	40
	2	123		123	192	123	38	7	0	0	0	94	150	83	145	114	88	79	101
	3	71	123		125	110	138	80	0	38	0	127	142	90	24	56	112	54	99
	4	158	192	125		19	70	119	118	92	54	79	110	142	61	95	88	158	132
	5	93	123	110	19		34	83	86	131	115	37	68	109	55	90	119	103	49
	6	56	38	138	70	34		80	94	162	121	94	124	14	80	44	119	7	0
	7	21	7	80	119	83	80		0	142	151	16	41	34	105	64	136	0	0
	8	9	0	0	118	86	94	0		157	123	26	48	12	21	29	66	0	0
	9	0	0	38	92	131	162	142	157		141	74	113	0	51	10	0	0	0
	10	0	0	0	54	115	121	151	123	141		100	74	0	16	0	0	0	0
	11	106	94	127	79	37	94	16	26	74	100		25	130	98	78	131	108	41
	12	143	150	142	110	68	124	41	48	113	74	25		137	122	102	120	156	88
	13	39	83	90	142	109	14	34	12	0	0	130	137		79	0	68	71	44
	14	31	145	24	61	55	80	105	21	51	16	98	122	79		27	86	152	102
	15	27	114	56	95	90	44	64	29	10	0	78	102	-	27		55	58	36
	16	86	88	112	88	119	119	136	66	0	0	131	120	68	86	55		201	78
	17	41	79	54	158	103	7	0	0	0	0	108	156	71	152	58	201		99
	18	40	101	99	132	49	0	0	0	0	0	41	88	44	102	36	78	99	

## Annex C: MSRS (Intermodal) Environmental Benefits

Tables showing the maximum port environmental benefits and the maximum domestic environmental benefits (£)

Maximum port environmental benefits (£)																			
Origin Zone (Port)	Destination Zone (Inland Terminal)																		
	Zone	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
	1		70	88	172	158	198	208	216	356	389	190	211	125	100	113	165	119	20
	2	136		140	220	206	246	290	297	436	470	252	273	193	168	182	243	213	114
	3	97	146		104	88	131	163	176	312	346	153	174	171	106	125	187	169	122
	4	153	197	117		16	65	112	115	253	286	74	103	137	54	91	153	174	176
	5																		
	6	198	242	165	83	49		97	110	243	277	107	136	182	103	136	197	219	220
	7	243	373	246	214	182	196		91	230	264	123	145	237	214	196	253	322	318
	8	151	281	152	120	88	94	3		147	184	29	51	145	120	102	160	229	226
	9	291	421	289	258	232	257	145	156		140	172	194	286	258	240	301	370	367
	10	325	455	323	292	266	263	179	193	140		206	224	319	291	274	334	403	400
	11	135	247	146	82	41	96	17	27	170	204		34	141	111	91	145	215	212
	12	145	258	157	110	69	124	43	52	194	224	28		139	122	102	155	226	222
	13	42	181	108	144	139	170	136	149	286	319	129	139		80	3	70	72	121
	14																		
	15	30	170	58	98	93	124	90	103	240	274	79	102	3	30		57	60	109
	16	89	232	114	160	155	183	152	161	301	335	134	155	70	89	57		205	161
	17	40	196	166	177	172	204	218	226	366	399	200	221	68	151	56	200		111
	18	55	114	111	194	180	220	230	237	377	411	212	233	100	124	98	151	104	
Maximum domestic environmental benefits (£)																			
Origin Zone	Destination Zone																		
	Zone	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
	1		123	71	158	93	184	139	152	289	323	136	143	39	31	27	86	41	40
	2	123		123	203	189	229	273	286	421	454	235	256	179	152	168	231	203	101
	3	71	123		125	110	154	137	150	288	321	134	158	108	24	56	112	173	99
	4	158	203	125		19	70	119	118	256	290	79	110	142	61	95	158	179	181
	5	93	189	110	19		34	83	86	230	265	37	68	137	55	90	153	175	167
	6	184	229	154	70	34		80	94	255	262	94	124	168	80	122	180	206	207
	7	139	273	137	119	83	80		0	142	177	16	41	133	105	87	150	220	217
	8	152	286	150	118	86	94	0		157	195	26	48	146	118	100	158	228	225
	9	289	421	288	256	230	255	142	157		141	170	192	284	256	238	300	369	366
	10	323	454	321	290	265	262	177	195	141		204	221	317	289	272	333	403	399
	11	136	235	134	79	37	94	16	26	170	204		25	130	98	78	131	202	199
	12	143	256	158	110	68	124	41	48	192	221	25		137	122	102	153	224	221
	13	39	179	108	142	137	168	133	146	284	317	130	137		79		68	71	121
	14	31	152	24	61	55	80	105	118	256	289	98	122	79		27	86	157	112
	15	27	168	56	95	90	122	87	100	238	272	78	102		27		55	58	109
	16	86	231	112	158	153	180	150	158	300	333	131	153	68	86	55		208	159
	17	41	203	173	179	175	206	220	228	369	403	202	224	71	157	58	208		115
	18	40	101	99	181	167	207	217	225	366	399	199	221	121	112	109	159	115	



## Annex D: MSRS (Bulk and Waterways) Environmental Benefits

D.1 The calculation of environmental benefits is an essential part of a MSRS (Bulk and Waterways) application. This Annex aims, through a step-by-step process, to provide guidance as to how this can be achieved. In addition to this Annex, it is recommended that applicants read the more detailed information on environmental benefits which is available from each of the Administrative Bodies listed in section 6.

### Step 1: Identifying flow details

D.2 As a first step, applicants will need to know some basic information before progressing to calculate the environmental benefits. This will include details on the:

- Origin and destination of the traffic, preferably by postcode;
- Average payload of the lorries used; and
- Whether there are any backload or lorries returning empty to the origin.

D.3 Once you have this information to hand, progress to step 2.

### Step 2: Understanding Mode Shift Benefit Values

D.4 The Administering Bodies for MSRS have valued the environmental and social benefits of removing one lorry mile of freight from road and transferring it to rail or water. These are known as MSB values. Table D1.1 outlines these by the four identified road categories. These values are used by applicants in calculating the environmental benefits.

Table D1.3 Mode Shift Benefit Values	
Road Type	Value
Motorways standard	£0.11
Motorways high value	£1.61
A Roads <sup>7</sup>	£1.23
Other Roads	£3.38

<sup>7</sup> Not including single track A roads with passing places (in Scotland), which will be treated as "Other Roads".

D.5 For details of which sections of motorway are high value and the distances between the junctions on these sections, please see Table D1.2.

D.6 In cases where the distance by rail or water varies by more than 25% from the road journey, a separate calculation of the environmental benefits of rail or water and road will need to be undertaken. As this is not standard practice, it is strongly recommended that you contact the Administrative Body in advance of starting work on an application to seek advice.

**Table D1.4 MSB High Value motorways and distance between junctions<sup>8</sup>**

<b>M1</b>		<b>J15a</b>	<b>J16</b>	<b>J17</b>
	<b>J15</b>	2.7	6.6	15.2
	<b>J15a</b>		3.9	12.5
	<b>J16</b>			8.6

<b>M1</b>		<b>J29</b>	<b>J30</b>	<b>J31</b>	<b>J32</b>	<b>J33</b>	<b>J34</b>	<b>J35</b>	<b>J35a</b>
	<b>J28</b>	6.8	13.6	19.2	22.5	24.9	27.5	31.4	32.9
	<b>J29</b>		6.8	12.4	15.7	18.0	20.7	24.5	26.1
	<b>J30</b>			5.6	8.9	11.2	13.9	17.8	19.3
	<b>J31</b>				3.3	5.7	8.3	12.2	13.7
	<b>J32</b>					2.4	5.0	8.9	10.4
	<b>J33</b>						2.7	6.5	8.1
	<b>J34</b>							3.9	5.4
	<b>J35</b>								1.5

<b>M3</b>		<b>J10</b>	<b>J11</b>	<b>J12</b>	<b>J13</b>	<b>J14</b>
	<b>J9</b>	1.4	2.7	6.3	8.0	9.1
	<b>J10</b>		1.3	4.8	6.5	7.7
	<b>J11</b>			3.5	5.2	6.4
	<b>J12</b>				1.7	2.9
	<b>J13</b>					1.2

<b>M4</b>		<b>J5</b>	<b>J6</b>	<b>J7</b>
	<b>J4b</b>	2.1	5.8	7.5
	<b>J5</b>		3.7	5.5
	<b>J6</b>			1.7

<b>M4</b>		<b>J32</b>	<b>J33</b>
	<b>J30</b>	5.6	9.0
	<b>J32</b>		3.4

<sup>8</sup> These values will apply between the junctions stated on the following motorways

<b>M6</b>		<b>J4a</b>	<b>J5</b>	<b>J6</b>	<b>J7</b>	<b>J8</b>	<b>J9</b>	<b>J10</b>	<b>J10a</b>
	<b>J4</b>	2.7	4.8	8.0	12.4	12.9	15.8	17.3	20.8
	<b>J4a</b>		2.1	5.3	9.7	10.2	13.0	14.5	18.1
	<b>J5</b>			3.2	7.6	8.1	11.0	12.5	16.0
	<b>J6</b>				4.4	4.9	7.8	9.3	12.8
	<b>J7</b>					0.5	3.4	4.8	8.4
	<b>J8</b>						2.9	4.3	7.9
	<b>J9</b>							1.5	5.0
	<b>J10</b>								3.5

<b>M6</b>		<b>J16</b>	<b>J17</b>	<b>J18</b>	<b>J19</b>	<b>J20</b>	<b>J21</b>	<b>J21a</b>
	<b>J15</b>	9.4	15.5	19.3	27.4	32.0	35.1	38.0
	<b>J16</b>		6.1	9.8	18.0	22.6	25.7	28.6
	<b>J17</b>			3.7	11.9	16.5	19.6	22.5
	<b>J18</b>				8.1	12.7	15.8	18.8
	<b>J19</b>					4.6	7.7	10.6
	<b>J20</b>						3.1	6.0
	<b>J21</b>							2.9

<b>M8</b>		<b>J9</b>	<b>J10</b>	<b>J11</b>	<b>J12</b>	<b>J13</b>	<b>J14</b>	<b>J15</b>	<b>J16</b>	<b>J17</b>	<b>J19</b>
	<b>J8</b>	1.2	2.1	3.2	4.5	5.1	5.8	6.5	7.1	7.8	8.5
	<b>J9</b>		0.9	2.0	3.2	3.9	4.5	5.3	5.9	6.6	7.3
	<b>J10</b>			1.1	2.4	3.0	3.7	4.4	5.0	5.7	6.4
	<b>J11</b>				1.2	1.9	2.5	3.3	3.9	4.6	5.3
	<b>J12</b>					0.7	1.3	2.0	2.7	3.3	4.0
	<b>J13</b>						0.6	1.4	2.0	2.7	3.3
	<b>J14</b>							0.7	1.4	2.0	2.7
	<b>J15</b>								0.6	1.3	2.0
	<b>J16</b>									0.7	1.4
	<b>J17</b>										0.7

<b>M25</b>	<b>All</b>
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<b>M42</b>		<b>J4</b>	<b>J5</b>	<b>J6</b>	<b>J7</b>
	<b>J3a</b>	2.1	4.5	8.1	10.4
	<b>J4</b>		2.4	6.0	8.3
	<b>J5</b>			3.6	5.9
	<b>J6</b>				2.3

<b>M60</b>	<b>All</b>
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<b>M62</b>		<b>J19</b>	<b>J20</b>	<b>J21</b>	
	<b>J18</b>	3.0	5.2	7.5	
	<b>J19</b>		2.2	4.5	
	<b>J20</b>			2.2	
<b>M62</b>		<b>J27</b>	<b>J28</b>	<b>J29</b>	<b>J30</b>
	<b>J26</b>	4.5	7.5	10.3	12.5
	<b>J27</b>		3.0	5.7	7.0
	<b>J28</b>			2.8	4.0
	<b>J29</b>				2.2

### Step 3: Calculating total mileage for each road type

D.7 To identify the mileage on the categories of road set out in table D1.1, enter your origin and destination details into routing software. This will provide details of the distance travelled on each different road type. Use the tables at D1.2 to identify whether any of the motorway mileage is high value.

### Step 4: Using Mode Shift Benefits to calculate route value

D.8 From the information obtained so far, you will know the mileage travelled by each road type (note that slip and link roads are considered to be part of the previous road type even if they have no road category of their own). Step 4 is now multiplying the mileage for each road type by the relevant rate shown in table D1.1. This will give you the value of the route. This same step needs to be undertaken for any onward road journeys, known as disbenefits.

### Step 5: Calculating the number of removed lorry journeys

D.9 To calculate the number of lorry journeys removed, you will need to divide the annual tonnage to be moved by the average payload of the lorry. This gives the number of one-way lorry trips required. If lorries would return empty, you will need to multiply this figure by 2 to show the return journeys removed. However, if there are backloads which would not be removed by the funding, then these cannot be counted as removed lorry journeys.

### Step 6: Calculating the environmental benefit

D.10 The final step is to calculate the value of the environmental benefits by multiplying the route value, already identified in step 4, by the number of lorry journeys as identified in step 5. This will give you the value of the environmental benefits.

#### Environmental Benefit Worked Example

Using the above step by step approach the following example aims to show how fictitious company Admin Logistics (AL) calculates its environmental benefits.

**Step 1: Identifying flow details**

AL is interested in applying for support through MSRS (Bulk and Waterways). The company runs a service between X and Y currently carrying 20,000 tonnes a year. The company has identified that the lorries have a payload of 25 tonnes and for each trip the lorries have no return journey.

**Step 2: Understanding Mode Shift Benefit Values**

AL has read and understood the MSB values, how they have been derived and is now ready to calculate the total mileage for each of the identified road types.

**Step 3: Calculating total mileage for each road type**

Routing software is used to identify the route the lorry would take and the distances travelled on different roads. Any high value motorway mileage is identified using the tables at D1.2. This is then summarised into a table.

**Step 4: Using MSBs to calculate the route value**

Now that the mileage on different road types has been established, AL is able to use the MSBs to calculate the route value. This is then pulled together into a table like the one shown below.

Road Type	Mileage	MSB Value	Route Value
Motorways standard	26	£0.11	£2.86
Motorways High Value	0	£1.61	£0.00
A Roads	35	£1.23	£43.05
Others	21	£3.38	£70.98
<b>Total</b>	<b>82</b>		<b>£116.89</b>

**Step 5: Calculating the number of removed lorry journeys**

Using the payload information and tonnage that the company identified through step 1, the number of lorry journeys can be calculated. In this case there are no return journeys.

**Step 6: Calculating the environmental benefit**

The final step for the company is to calculate the value of the environmental benefits. This is done by multiplying the route value, already identified in step 4, by the number of lorry journeys as identified in step 5. This can then be divided by the tonnage to give a benefit per tonne figure. The information is then pulled together into a table like the one below.

Tonnage	Payload	Lorry Journey	Route Value	Benefit per tonne
20,000	25	800	£116.89	£4.68

The example above shows the environmental benefits are valued at £4.68 per tonne. However, this is not an indication of the level of grant that may be offered but is the ceiling above which no offer can be made. Other elements of the application will determine the exact amount of grant offered, including the financial appraisal, minimum value for money, prioritisation and budget availability. In this case the financial need was assessed at £1.50 per tonne (see Annex E). The applicant could apply for grant at £1.50 per tonne moved. The value for money on that basis would be a BCR of 3.12:1 (£4.68 benefit/£1.50 cost).

## Annex E: MSRS (Bulk and Waterways) Financial Appraisal

### Introduction

- E.1 MSRS (Bulk and Waterways) can only be paid in circumstances where the proposed traffic would not be financially viable by rail or water without a grant. This Annex explains how to calculate the amount of grant that makes rail or water as financially attractive as road. It is a general guide and may not cover the entire issues specific to each scheme.
- E.2 A financial appraisal should include all relevant information on tonnage and costs associated with the project, supported by fully evidenced documentation to substantiate the figures.
- E.3 Information provided should include:
- Tonnage – forecasted for each flow in each year of the appraisal (supported by information/evidence to verify the tonnage levels);
  - Cost of commodity – evidence of the cost of the commodity to be moved under the road and rail/water options<sup>9</sup>;
  - Operating costs for the road and rail/water options<sup>10</sup> – these should be:
    - Expressed in ‘real’ (i.e. present day) prices/charges excluding inflation;
    - Provided on a year basis and not beyond 31 March 2027<sup>11</sup>;
    - Be consistent with the timeframe used for calculating environmental benefits; and

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<sup>9</sup> In most cases the cost will be the same, but in some cases the costs may differ (e.g. where the source of the commodity differs between the road and rail or water options).

<sup>10</sup> Operating costs can include the leasing costs for capital items. Contact the relevant Administrative Body for further information.

<sup>11</sup> In scenarios where the tonnage volumes and cost per tonne of the road and rail or water options are constant over the length of the grant period, it is permissible to use a single period (e.g. one year) model.

- Be provided in Sterling<sup>12</sup>,
- Any other costs for the road and rail/water options – this could for example be haulage costs (supported by at least two written quotations for each flow), loading and unloading costs, maintenance costs or administration costs.

E.4 In collating the above data, applicants should provide as much supporting evidence as possible to substantiate costs and/or charges outlined. This will include for example road haulage quotations, rail/water handling charges and any haulage charges levied on the owner of the traffic.

E.5 Once the relative costs of the road and rail/water options have been established, the financial need for grant can be calculated. This is carried out by subtracting the cost of the road option from the rail or water option. An example financial appraisal is shown at table E1.1.

### Assessing applications

E.6 On submission of your application, an appraisal will be carried out on the information and evidence supplied. It may be necessary, in order to complete the appraisal, for the Administrative Body to contact the applicant for further information. On completion, applicants will be informed as to whether an offer of grant will be made; such an offer remains entirely at the discretion of the appropriate Administrative Body.

**Table E1.1 MSRS (Bulk and Waterways) Financial Appraisal**

	Road vs Rail / Water			
	Road		Rail / Water	
	Per Tonne	Total	Per Tonne	Total
Tonnage		20,000		20,000
Cost of Commodity	£5.00	£100,000	£5.00	£100,000
Haulage	£6.50	£130,000	£3.00	£60,000
Handling	£0.00	£0.00	£1.50	£30,000
Onward road cost	£0.00	£0.00	£2.00	£40,000
Other cost 1	£0.00	£0.00	£1.50	£30,000
Other cost 2	£0.00	£0.00	£0.00	£0.00
<b>Total</b>	<b>£11.50</b>	<b>£230,000</b>	<b>£13.00</b>	<b>£260,000</b>

	Maximum Grant Calculation	
	Per Tonne	Total
Road vs Rail/Water	£1.50	£30,000
Environmental Benefit	£4.68	£93,600
<b>Maximum Grant</b>	<b>£1.50</b>	<b>£30,000</b>

<sup>12</sup> Non-Sterling costs should be converted into Sterling using the current exchange rates at the time.

In this case the financial need for grant is lower than the value of the environmental benefits. The financial need is therefore the maximum level at which grant could be applied at.